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FM AMEMBASSY ABU DHABI
TO RUEHC/SECSTATE WASHDC 4792
INFO RUEHZM/GULF COOPERATION COUNCIL COLLECTIVE
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C O N F I D E N T I A L SECTION 01 OF 02 ABU DHABI 001723

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E.O. 12958: DECL: 04/28/2016
TAGS: [ELAB](#) [PHUM](#) [PREL](#) [ETRD](#) [AE](#)
SUBJECT: MINISTER OF LABOR PROVIDES UPDATES ON THE LABOR LAW

REF: A. ABU DHABI 00864

[1](#)B. ABU DHABI 01340

Classified By: AMBASSADOR MICHELE J.SISON FOR REASONS 1.4 (b) & (d)

[1](#)1. (C) Summary: On April 23, Ambassador and Econoff met with UAE Labor Minister Dr. Ali bin Abdullah Al Ka,abi to discuss labor issues, including the strengthening of labor laws in the UAE. Al Ka,abi updated Ambassador on the proposed amendment to the labor law permitting a labor association, recently sent to the Ministry of Justice for review. The Minister also said that Ministry of Labor (MOL) officials consulted with Hassan Jemam, a representative of the International Labor Organization (ILO), regarding membership in the proposed labor association. Additionally, Al Ka'abi discussed changing the law to authorize the Ministry to pay "bank guarantees" independently of the court, changing the current Thursday-Friday weekend to Friday-Saturday, the creation of new housing for foreign laborers, and the problems caused by labor recruiting agencies. At the end of the meeting, Al Ka,abi expressed concern about the prospects of a U.S.-UAE free trade agreement in the wake of the Dubai Ports World controversy. End summary.

Formation of Labor Association

[1](#)2. (C) The Minister updated Ambassador on the status of the pending amendment to the labor law, which will allow the Minister to issue a decree authorizing the formation of a labor association in the UAE. Al Ka,abi said the proposed law would allow for one labor association and stated that the proposed group would be called an "association" rather than a "union." (Ref A) The Cabinet's technical committee on legislative affairs has sent the proposed amendment to the Ministry of Justice for review because it is unsure whether UAE law allows the Minister to create a labor association by Ministerial decree.

[1](#)3. (C) The Minister said the new law will permit one labor association, with representatives from different sectors. Permanent residents, non- UAE nationals, will be allowed to join the association, but will be voting members. (Note: Emiratis comprise a mere two percent of the private sector workforce. End note.) Al Ka'abi told the Ambassador that MOL officials consulted with Hassan Jemam, an official of the Arabic Labor Union, affiliated with the ILO, regarding membership in the proposed labor association. The Minister said that, Jemam agrees that only permanent residents can become members of the labor association. (Comment: Although the MOL's consultations with Jemam demonstrate the Ministry is being proactive in seeking ILO advice, restricting membership to permanent residents would effectively exclude

more than 50% of the UAE private sector workforce who are contract workers, not permanent residents. End comment.)

¶4. (C) Minister Al Ka,abi also discussed his plan to submit a proposal to the Cabinet that would give the Ministry authority to pay arrears from bank guarantees, which the Ministry holds. The Ministry requires most companies to pay a separate guarantee for each of its employees to cover wages in case an employer defaults on payment. Although the Ministry holds the money, it cannot pay out from the guarantee funds under the current system unless either the employer or the Court authorizes payment. Al Ka'abi's plan for the MOL to directly authorize payment of the bank guarantee if it finds in favor of the employee would speed up the dispute resolution process in future cases involving non-payment of salaries.

Proposed Change in Weekend/Work Week

¶5. (C) The Minister also mentioned changing the weekend from the current Thursday-Friday schedule to a Friday-Saturday weekend to bring the UAE work week more in line with the international business community. Al Ka,abi said that Foreign Minister Sheikh Abdullah bin Zayed Al Nahyan, favors the change and would even prefer a Saturday-Sunday weekend. Minister Al Ka,abi said 54% of those polled are in favor of the change.

Accommodations for Foreign Workers

¶6. (C) The Minister admitted that the March 30 Human Rights Watch piece, which condemned labor conditions and practices in the UAE, was accurate in many respects (Ref B), but added that the number of striking laborers is very small when compared to the total number of foreign laborers in the UAE.

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Al Ka,abi said there were 35 labor protests in 2005 involving 10,000 workers, but stressed that this number of protesting workers represents only .004% of the total labor force. In addition to late payment or non-payment of salaries, many workers complain about sub-standard living accommodations. Al Ka,abi discussed the recent opening of the Industrial City of Abu Dhabi (ICAD), a model housing and recreational complex, which was built to alleviate some of these problems. The Minister explained that in addition to housing, the complex includes a supermarket, cinema, prayer facilities, and recreational facilities. Twenty-seven more complexes are planned for Abu Dhabi to meet the growing demand for livable and affordable housing.

Recruitment Agencies

¶7. (C) Al Ka,abi also discussed the role of recruiting agencies. He realizes that agencies from foreign workers' home countries are "playing dirty games." If the Ministry finds out that a worker has paid a recruitment fee to an agent, the employer must reimburse the employee, said Al Ka,abi. Al Ka,abi explained that workers are often lured to the UAE by unscrupulous agents who promise short working hours, high salaries and other benefits. To combat this problem, the Minister said the UAE MOL is setting up an office in Pakistan to educate workers about their rights and what to expect once they arrive in the UAE. When asked by the Ambassador if the Ministry would do the same in India, Al Ka,abi said he would not set up a MOL office there because the Indian government "will not buy into it." The Minister also wants to change the system for hiring workers and proposed allowing a company, instead of an individual, to sponsor an employee.

FTA

¶8. (C) Ambassador stressed to Al Ka'abi that a revised labor law is important in view of the ongoing U.S.-UAE FTA negotiations and urged that changes in the labor law should

occur sooner rather than later. Ambassador told Al Ka,abi she hopes the new law will be passed before the Cabinet adjourns for the summer on July 15. The Minister replied that he hoped it would be passed "soon." Al Ka,abi questioned an FTA's value for Emirati businessmen in the wake of the Dubai Ports World controversy and opined that even if an FTA is passed, the U.S. Congress might block investments by Emiratis because they are perceived as coming from a "terrorist country."

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